

Message Text

LIMITED OFFICIAL USE

PAGE 01 SEOUL 05262 130440Z

21

ACTION EB-11

INFO OCT-01 ARA-16 EA-11 EUR-25 ISO-00 AGR-20 CEA-02

CIAE-00 COME-00 DODE-00 FRB-03 H-03 INR-11 INT-08

L-03 LAB-06 NSAE-00 NSC-07 PA-04 RSC-01 AID-20

CIEP-03 SS-20 STR-08 TAR-02 TRSE-00 USIA-15 PRS-01

SP-03 OMB-01 SWF-02 FEA-02 DRC-01 /210 W

----- 049885

R 120825Z AUG 74

FM AMEMBASSY SEOUL

TO SECSTATE WASHDC 5337

INFO AMEMBASSY TAIPEI

AMEMBASSY OTTAWA

AMEMBASSY KUALA LUMPUR

AMEMBASSY MEXICO CITY

AMEMBASSY SAN JOSE

AMEMBASSY QUITO

AMEMBASSY SANTO DOMINGO

LIMITED OFFICIAL USE SEOUL 5262

E.O. 11652: N/A

TAGS: ETRD, KS

SUBJECT: MUSHROOMS

REF: (A) STATE 170340 (NOTAL) (B) TAIPEI 4963 (NOTAL)

SUMMARY: INITIAL MOFA REACTION TO REQUEST FOR AFFIRMATION OF IBRD STATEMENTS ON OUTLOOK FOR KOREAN MUSHROOM INDUSTRY FAVORABLE. RECENT DEVELOPMENTS IN INTERNATIONAL MUSHROOM TRADE, INCLUDING A CANADIAN REQUEST FOR RESTRAINT ON KOREAN MUSHROOM EXPORTS, HAVE DAMPENED ROKG ENTHUSIASM FOR PROMOTING MUSHROOM INDUSTRY, AND ROKG APPARENTLY INTENDS DISCOURAGE FURTHER EXPANSION AT THIS TIME. END SUMMARY.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 SEOUL 05262 130440Z

1. RE INSTRUCTIONS SEEK LETTER FROM ROKG AFFIRMING THAT IT CONCURS IN IBRD STATEMENTS ON OUTLOOK FOR KOREAN MUSHROOM EXPORTS AS CONTAINED ANNEX 8 OF REPORT CITED REF (A), EMBOFF HAS DISCUSSED SUBJECT WITH SUN, JOUN YUNG, CHIEF OF MOFA'S COMMERCE DIVISION II.

2. SUN'S INITIAL REACTION WAS THAT HE, PERSONALLY, DID NOT THINK ROKG WOULD HAVE MUCH DIFFICULTY IN FURNISHING LETTER OF AFFIRMATION. HE SAID ROKG,

HOWEVER, HAD NOT PREVIOUSLY SEEN IBRD REPORT (EMBASSY PROVIDED COPY ANNEX 8) AND MOFA WOULD HAVE TO CONSULT WITH CONCERNED AGENCIES. HE PROMISED TRY TO OBTAIN PROMPT RESPOSE.

3. SUN NOTED THAT ROKG WAS AWARE, THROUGH REPORTS FROM ITS EMBASSY, THAT PROFITS OF U.S. MUSHROOM INDUSTRY WERE LOW AND THAT MUSHROOM CONSUMPTION IN U.S. HAS DECLINED, APPARENTLY IN REACTION TO BOTULISM SCARE. HE ADDED THAT KOREA'S MUSHROOM EXPORTS TO EUROPE ALSO RUNNING INTO PROBLEMS, PRIMARILY AS RESULT OF COMPE- TITION FROM REPUBLIC OF CHINA (ROC). ONE RESULT HAS BEEN SHARP UPSURGE IN KOREA'S MUSHROOM EXPORTS TO CANADIAN MARKET. WHAT SUN DESCRIBED AS KOREAN FLOODING OF CANADIAN MARKET PROMPTED CANADIANS SEND DELEGATION TO SEOUL JULY 28-AUGUST 3 TO SEEK AGREEMENT FOR RESTRAINT ON MUSHROOM EXPORTS. SUN ALSO REFERRED TO ARTICLE IN LOCAL PRESS THAT MALAYSIA INTENDS EXPAND MUSHROOM EXPORTS AS EXAMPLE OF FURTHER CROWDING OF FIELD. (PRESS REPORT OF AUGUST 10, CITING KOREA TRADE PROMOTION CORP. (KOTRA) AS SOURCE, SAID MALAYSIA BUILDING MODERN MUSHROOM GROWING AND PROCESSING FACILITY WITH 3 MILLION POUND CAPACITY AND REFERS TO PLANS TO EVENTUALLY PRODUCE 20 MILLION POUNDS ANNUALLY, 90 PERCENT OF WHICH TO BE EXPORTED.)

4. ACCORDING SUN, THESE DEVELOPMENTS CAUSING ROKG TO RECONSIDER ITS EXPANSION PLANS FOR MUSHROOM INDUSTRY LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 SEOUL 05262 130440Z

AND HE ANTICIPATED ROKG WILL SEEK DISCOURAGE FURTHER EXPANSION AND CONCENTRATE ON TRYING UPGRADE QUALITY AND IMPROVE PRICE. HE DESCRIBED PRESENT WORLD MARKET AS "BUYERS MARKET" WITH MOST PROFITS GOING TO MIDDLEMEN.

5. NOTING PRESS REPORT OF PREVIOUS DAY TO EFFECT MINISTRY OF AGRICULTURE AND FISHERIES (MAF) HAD DECIDED NOT PERMIT ESTABLISHMENT OF NEW MUSHROOM

FARMS, REVERSING ITS EARLIER POLICY TO EXPAND MUSHROOM CULTIVATION AREAS BY 15 PERCENT NEXT YEAR, EMBOFF SUGGESTED THAT, IF TRUE, IT WOULD BE VERY USEFUL TO REFER TO THAT POLICY IN STATEMENT BEING REQUESTED.

6. EMBASSY HAS SUBSEQUENTLY CONFIRMED ACCURACY OF PRESS ARTICLE WITH MAF. MAF SAID IT WAS PROMPTED TO TAKE ACTION AS RESULT OF ANTICIPATED AGREEMENT RESTRAIN EXPORTS TO CANADA, THREAT THAT USG WILL FORCE SIMILAR AGREEMENT AND INCREASINGLY STIFF COMPETITION FOR WORLD MARKETS. MAF CLAIMS ROC RECENTLY LOWERED ITS EXPORT CHECK PRICE (AUTHORIZED EXPORT PRICE) FOR MUSHROOMS BY 20 PERCENT. THIS PRICE COMPETITION IN FACE OF RAPIDLY RISING COSTS IS SHARPLY REDUCING PROFITABILITY OF KOREAN MUSHROOM INDUSTRY. ACCORDING MAF, THIS YEAR'S FALL MUSHROOM CROP LIKELY TO BE AS MUCH AS 30 PERCENT LOWER THAN 720,000 CARTONS HARVESTED IN SPRING CROP.

7. WITH REGARD ROKG-CANADIAN TALKS ON MUSHROOMS, SUN UNWILLING GIVE FIGURES, BUT CHARACTERIZED VOLUME CANADIANS OFFERED TO ACCEPT AS "LARGE". ROKG, HOWEVER, PRESSED FOR STILL HIGHER FIGURE AND CANADIANS LEFT WITHOUT AGREEMENT. SUN THOUGHT ROKG WOULD BE SENDING SMALL DELEGATION TO OTTAWA LATE THIS MONTH WHERE HE ANTICIPATED COMPROMISE WOULD BE REACHED.

8. IN RESPONSE QUERY, SUN CONCEDED EEC HAS ALSO EXPRESSED CONCERN OVER GROWTH OF KOREAN MUSHROOM EXPORTS. HE SAID EEC FOCUSED MORE ON PRICE, HOWEVER, THAN QUANTITY, AND ROKG ASSURANCES THAT COST FACTORS ARE PUSHING UP KOREAN SELLING PRICE SEEM TO HAVE LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 SEOUL 05262 130440Z

RESOLVED ISSUE FOR TIME BEING.

9. OFFICE OF CUSTOMS ADMINISTRATION DATA ON KOREAN MUSHROOM EXPORTS AS FOLLOWS:

A. VALUE (DOLS MILLIONS FOB)

COUNTRY	JAN-MAY		JAN-MAY		PERCENT CHANGE B/A
	1973	1973 (A)	1974 (B)		
U. S.	12.4	4.1	2.0		-51
FED. REP. OF					
GERMANY	6.7	1.8	1.9		6
NETHERLANDS	1.5	0.5	1.0		100
CANADA	1.4	0.2	2.0		900
SWEDEN	0.5	0.1	0.8		700

OTHERS	0.6	---	0.3	---
TOTAL	23.1	6.7	8.0	#&

B. VOLUME (000 METRIC TONS)

COUNTRY	JAN-MAY 1973	JAN-MAY 1973 (A)	JAN-MAY 1974 (B)	PERCENT CHANGE B/A
U.S.	6.7	3.4	1.6	-53
FED. REP. OF GERMANY	5.5	1.6	1.4	-13
NETHERLANDS	1.2	0.5	0.7	40
CANADA	1.0	0.2	1.4	600
SWEDEN	0.5	0.1	0.6	500
OTHERS	0.5	---	0.4	---
TOTAL	15.4	6.1	5	
HABIB				

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: EXPORTS, DATA, MUSHROOMS, COMMODITY AGREEMENTS, NEGOTIATIONS, CANNERIES
Control Number: n/a
Copy: SINGLE
Draft Date: 12 AUG 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974SEOUL05262
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740221-0561
From: SEOUL
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740855/aaaabuzc.tel
Line Count: 186
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: (A) STATE 170340 (NOTAL) (B) TAIPEI, 4963 (NOTAL)
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 15 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <15 APR 2002 by boyleja>; APPROVED <13-Aug-2002 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MUSHROOMS
TAGS: ETRD, KS, US
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005